APPENDIX I

LAFE CORPORATION LIMITED

Un-audited Q2 2017 Financial Statement And Dividend Announcement

(All in US Dollars)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 30 June,			Half year ended 30 June,		
	2017	**2016**	Increase/ (decrease)	**2017**	**2016**	Increase/ (decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	**2,948**	**2,820**	**5**	**5,928**	**5,750**	3
Cost of sales	(2,123)	(2,093)	1	(4,311)	(4,070)	6
Gross profit	**825**	**727**	**13**	**1,617**	**1,680**	**(4)**
Other net gain	1,147	520	121	3,204	3,777	(15)
Administrative costs	(2,217)	(2,001)	11	(4,359)	(4,040)	8
Finance costs	(37)	(180)	(79)	(103)	(390)	(74)
(Loss)/profit before taxation	**(282)**	**(934)**	**(70)**	**359**	**1,027**	**(65)**
Taxation	(5)	(6)	(17)	(16)	(14)	14
Net (loss)/profit for the period	**(287)**	**(940)**	**(69)**	**343**	**1,013**	**(66)**
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Fair value changes on available-for-sale investments	(2)	(7)	(71)	(3)	(7)	(57)
Currency translation differences arising on consolidation	(232)	(31)	648	(323)	(37)	773
Revaluation loss on property, plant and equipment	(348)	-	n/m	(348)	-	n/m
Other comprehensive (loss) / income for the period	**(582)**	**(38)**	**1,432**	**(674)**	**(44)**	**1,432**
Total comprehensive (loss) / income for the period	**(869)**	**(978)**	**(11)**	**(331)**	**969**	**n/m**

1(a)(ii) **The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of profit or loss and other comprehensive income or in the notes to the statement of profit or loss and other comprehensive income for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

	Quarter ended 30 June,			Half year ended 30 June,		
	2017	**2016**	Increase/ (decrease)	**2017**	**2016**	Increase/ (decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
Depreciation of property, plant and equipment	(32)	(48)	(33)	(65)	(110)	(41)
Gain on disposal of property, plant and equipment	66	-	n/m	66	-	n/m
Loss on re-measurement of asset reclassified to held for sale	(128)	-	n/m	(128)	-	n/m
Net foreign currency exchange gain	856	127	574	2,572	3,049	(16)
Write-back of bad debts	-	2	n/m	-	2	n/m
Reversal of impairment on receivables	5	18	(72)	5	20	(75)
Interest income	332	351	(5)	648	665	(3)
Interest on bank and other borrowings	(16)	(115)	(86)	(31)	(228)	(86)
Discount on provision unwound	(19)	(63)	(70)	(66)	(157)	(58)

n/m – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/06/2017	As at 31/12/2016	As at 30/06/2017	As at 31/12/2016
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	343	5,306	-	-
Trademark	5,187	5,220	-	-
Goodwill	-	-	-	-
Investments in subsidiaries	-	-	-	-
Available-for-sale financial assets	8	11	5	8
Non-trade receivable from a related party	43,093	41,142	-	-
Other non-current assets	239	246	-	-
	48,870	**51,925**	**5**	**8**
Current assets				
Trade and other receivables	2,029	1,991	-	-
Other current assets	344	270	10	23
Non-trade receivables from subsidiaries	-	-	53,904	52,803
Cash and cash equivalents	9,912	12,809	2	3
	12,285	**15,070**	**53,916**	**52,829**
Property held for sale	4,967	-	-	-
Total assets	**66,122**	**66,995**	**53,921**	**52,837**
Current liabilities				
Trade and other payables	1,951	1,892	177	224
Short-term bank loans	190	181	-	-
Provisions	1,858	1,762	1,858	1,762
Non-trade payables to related parties	10	10	-	-
Tax payable	27	16	-	-
	4,036	**3,861**	**2,035**	**1,986**
Non-current liabilities				
Long-term bank loans	1,769	1,779	-	-
Provisions	4,494	5,196	4,233	4,933
Deferred tax liabilities	770	775	-	-
	7,033	**7,750**	**4,233**	**4,933**
Total liabilities	**11,069**	**11,611**	**6,268**	**6,919**
Capital and reserves				
Share capital	50,667	50,667	50,667	50,667
Reserves	4,386	4,717	(3,014)	(4,749)
Total equities	**55,053**	**55,384**	**47,653**	**45,918**
Total equity and liabilities	**66,122**	**66,995**	**53,921**	**52,837**

1(b)(ii) **In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

Amount repayable in one year or less, or on demand

As at 30 June 2017	
Secured	Unsecured
US$'000	US$'000
190	NIL

As at 31 December 2016	
Secured	Unsecured
US$'000	US$'000
181	NIL

Amount repayable after one year

As at 30 June 2017	
Secured	Unsecured
US$'000	US$'000
1,769	NIL

As at 31 December 2016	
Secured	Unsecured
US$'000	US$'000
1,779	NIL

Details of any collateral

The Group's secured borrowings are bank loans secured by the land and building of the Group.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Quarter ended 30 June,		Half year ended 30 June,	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / profit before taxation	**(282)**	**(934)**	**359**	**1,027**
Adjustments for :				
Depreciation of property, plant and equipment	32	48	65	110
Write-back of bad debts	-	(2)	-	(2)
Reversal of impairment on receivables	(5)	(18)	(5)	(20)
Loss on re-measurement of asset reclassified to held for sale	128	-	128	-
Gain on disposal of property, plant and equipment	(65)	-	(65)	-
Discount on provision unwound	19	63	66	157
Interest expenses	16	115	31	228
Interest income	(332)	(351)	(648)	(665)
Unrealised currency translation gain	(499)	(115)	(1,665)	(2,895)
Operating cash flow before working capital changes	**(988)**	**(1,194)**	**(1,734)**	**(2,060)**
Changes in working capital				
Trade and other receivables and other current assets	97	319	(110)	(587)
Non-trade receivable from a related party	-	11,030	-	11,030
Trade and other payables	47	(979)	59	(1,090)
Provisions	(475)	(543)	(961)	(1,092)
Currency translation adjustments	(308)	(29)	(846)	(179)
Cash (used in)/generated from operations	**(1,627)**	**8,604**	**(3,592)**	**6,022**
Taxation paid	(5)	-	(5)	-
Interest paid	(16)	(150)	(31)	(258)
Interest received	325	351	644	665
Net cash (used in)/generated from operating activities	**(1,323)**	**8,805**	**(2,984)**	**6,429**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(308)	(12)	(312)	(14)
Proceeds from disposal of property, plant and equipment	84	-	84	-
Net cash used in investing activities	**(224)**	**(12)**	**(228)**	**(14)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Non-trade payable to a related party	-	(7,691)	-	(6,155)
Repayment of bank loans	(45)	(49)	(92)	(97)
Net cash used in financing activities	**(45)**	**(7,740)**	**(92)**	**(6,252)**

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.** – *continued*

	Quarter ended 30 June,		Half year ended 30 June,	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(1,592)**	**1,053**	**(3,304)**	**163**
Cash and cash equivalents at beginning of period	11,446	424	12,809	1,313
Effects of exchange rate changes on cash and cash equivalents	58	(3)	407	(2)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,912**	**1,474**	**9,912**	**1,474**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Share premium	Capital reserve	Revaluation reserve	Fair value reserve	Exchange reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2016	50,667	27,171	24	1,898	-	655	(15,208)	65,207
Total comprehensive (loss) / income	-	-	-	-	(7)	(37)	1,013	969
Balance at 30 June 2016	**50,667**	**27,171**	**24**	**1,898**	(7)	**618**	**(14,195)**	**66,176**
Balance at 1 January 2017	50,667	27,171	24	1,910	(3)	605	(24,990)	55,384
Total comprehensive (loss) / income	-	-	-	(348)	(3)	(323)	343	(331)
Balance at 30 June 2017	**50,667**	**27,171**	**24**	**1,562**	**(6)**	**282**	**(24,647)**	**55,053**

COMPANY

	Share capital	Share premium	Fair value reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2016	50,667	27,171	-	(10,703)	67,135
Total comprehensive income	-	-	(5)	2,533	2,528
Balance at 30 June 2016	**50,667**	**27,171**	**(5)**	**(8,170)**	**69,663**
Balance at 1 January 2017	50,667	27,171	(2)	(31,918)	45,918
Total comprehensive (loss) / income	-	-	(3)	1,738	1,735
Balance at 30 June 2017	**50,667**	**27,171**	**(5)**	**(30,180)**	**47,653**

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at both 30 June 2017 and 31 December 2016 was 25,333,333.

The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation, and/or use of treasury shares at the end of the current financial period reported on.**

Not applicable.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figure have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been applied in the financial statements for the current financial period as in the Company's audited financial statements for the year ended 31 December 2016.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

No change.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

	Half year ended 30 June,	
	2017	**2016**
Earnings per ordinary share for the period based on net profit attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	US 1.35 cents	US 4.00 cents
(ii) On a fully diluted basis	US 1.35 cents	US 4.00 cents

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-**

	Group		Company	
	30/06/2017	**31/12/2016**	**30/06/2017**	**31/12/2016**
Net asset value per ordinary share	US 217.3 cents	US 218.6 cents	US 188.1 cents	US 181.3 cents

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$0.1 million from US$2.8 million for Q2 2016 to US$2.9 million for Q2 2017. The increase was mainly attributable to the increase in the revenue generated from the Vigers Group's guard security service.

The Group recorded a gross profit of US$0.8 million for Q2 2017 as compared to US$0.7 million for Q2 2016, an increase of US$0.1 million as explained in the preceding paragraph.

The Group had other net gain of US$1.1 million for Q2 2017 as compared to a net gain of US$0.5 million for Q2 2016. In Q2 2017, the other net gain comprised mainly the net foreign currency exchange gain of US$0.9 million arising from translating the monetary items denominated in foreign currencies, interest income of US$0.3 million and loss of US$0.1 million arising from reclassification of land and building to asset held for sale. In Q2 2016, the other net gain comprised mainly the net foreign currency exchange gain of US$0.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.4 million.

Administrative costs increased by US$0.2 million from US$2.0 million for Q2 2016 to US$2.2 million for Q2 2017. The increase was mainly attributable to the increase in operating costs of the Group.

Finance costs decreased by US$0.14 million from US$0.18 million for Q2 2016 to US$0.04 million for Q2 2017. The decrease was mainly attributable to the decrease in the interest on borrowings from a related party of US$0.09 million and the decrease in notional finance charge of US$0.04 million recognised in compliance with the IFRS for the provision of net rental expenses pursuant to a guaranteed rental agreement entered into with LEHD.

As a result of the above, the Group's net loss for Q2 2017 was US$0.3 million, as compared to US$0.9 million for Q2 2016, a decrease of US$0.6 million, as explained in the preceding paragraphs.

Other comprehensive loss increased by US$0.54 million from US$0.04 million for Q2 2016 to US$0.58 million for Q2 2017. The increase was mainly attributable to the increase in currency translation difference arising on consolidation of foreign subsidiaries of US$0.2 million and increase in revaluation loss on land and building of US$0.35 million.

As a result of the above, the Group's total comprehensive loss for Q2 2017 was US$0.9 million as compared to US$1.0 million for Q2 2016, a decrease of US$0.1 million as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment decreased by US$5.0 million from US$5.30 million as at 31 December 2016 to US$0.3 million as at 30 June 2017. The decrease was mainly due to the reclassification of certain property from non-current assets to current assets in consequence of the proposed transaction described in the following paragraph.

As described more fully in the Company's announcement dated 30 May 2017, the Group had on 29 May 2017 granted an Option to Purchase (the "Option") to an independent third party for the

sale of the Group's office premises at 57 Cantonment Road, Singapore at a cash sale price of S$7.03 million (equivalent to approximately US$4.9 million). The purchaser exercised the Option on 20 June 2017 and it is anticipated that the proposed transaction will be completed in September 2017.

Non-trade receivable from a related party increased by US$2.0 million from US$41.1 million as at 31 December 2016 to US$43.1 million as at 30 June 2017. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises a fixed long-term term loan extended to LEHD. It bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$0.6 million from US$7.0 million as at 31 December 2016 to US$6.4 million as at 30 June 2017. The decrease was mainly attributable to the payments made during the current financial period, the translation adjustment arising from translating the provisions denominated in foreign currency and the discount unwound adjustment charged to profit or loss during the current financial period.

The movement in cash and cash equivalents from US$12.8 million as at 31 December 2016 to US$9.9 million as at 30 June 2017, a decrease of US$2.9 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q2 2017, the Group's net cash used in operating activities was US$1.3 million as compared to net cash generated from operating activities of US$8.8 million in Q2 2016. The cash movement in Q2 2017 was mainly attributable to the payments made for rental guarantee. The net cash used in investing activities in Q2 2017 of US$0.2 million was mainly attributable to the acquisition of property, plant and equipment.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to look for suitable opportunities for future development and investment.

The Vigers Group, which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In face of the severe competition in Hong Kong, the Vigers Group has been putting great efforts into developing its business in the PRC and Macau with a view to expanding its professional valuation services.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend declared / recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales:-

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

Not applicable.

17 Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate

The Group has not obtained a general mandate from the shareholders for the interested person transactions as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during Q2 2017, which fall under the listing manual, were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	US$'000	
Associates of Mr. Christopher Ho Wing-On	2,464	-

18. Negative assurance on interim financial statements

The directors have confirmed, in a written statement, that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading in any material effect.

19 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.